

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 27, 2011

**WSB HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>000-53003</b> (Commission File Number)	<b>26-1219088</b> (IRS Employer Identification No.)
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<b>4201 Mitchellville Road, Suite 200</b> <b>Bowie, Maryland</b> (Address of principal executive offices)	<b>20716</b> (Zip Code)
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Registrant's telephone number, including area code: **(301) 352-3120**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Section 5 – Corporate Governance and Management**

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) As previously reported, on April 27, 2011, the stockholders of WSB Holdings, Inc. (the “Company”) approved the adoption of the WSB Holdings, Inc. 2011 Equity Incentive Plan (the “Plan”).

The purpose of the Plan is to advance the interests of the Company by providing directors and selected employees of the Washington Savings Bank (the “Bank”), the Company and their affiliates with the opportunity to acquire shares of the Company’s common stock. By encouraging stock ownership, we seek to attract, retain and motivate the best available personnel for positions of substantial responsibility, to provide additional incentive to directors and selected employees of the Company, the Bank and their affiliates to promote the success of the business as measured by the value of our shares, and generally to increase the commonality of interests among directors, employees, and other stockholders.

The Plan provides for the grant of stock options (including incentive stock options within the meaning of Code section 422 and non-qualified stock options), stock appreciation rights, restricted or unrestricted stock awards, phantom stock, performance awards, and other stock-based awards, or any combination of the foregoing, in accordance with the terms thereof.

All of Company’s, the Bank’s and their affiliates’ employees, including executive officers, non-employee directors, and all other individuals providing bona fide services to or for the Company, the Bank or an affiliate, such as consultants and independent contractors (“eligible persons”), are eligible to receive grants of awards under the Plan.

#### *Description of the Plan*

A summary of the material provisions of the Plan is set forth below. This summary is qualified in its entirety by the detailed provisions of the Plan. A copy of the Plan and forms of agreement under the Plan are exhibits to this Form 8-K.

#### *Administration*

The Plan is administered by the Company’s Board of Directors or a committee that may be appointed by the Board (the “Administrator”). Currently, the Compensation Committee of the Board of Directors administers the Plan. In addition, as permitted by applicable law, the Board may authorize an officer or officers to grant awards under the Plan, other than stock awards, to other officers and employees of WSB and its affiliates, who serves as the Administrator of the Plan to the extent authorized. Subject to the terms of the Plan, the Administrator may determine the eligible persons to whom awards are granted, the type of awards to be granted, the number of shares of common stock covered by or used for reference purposes for each award, whether to modify, amend, extend or renew existing awards, and the terms, limitations, restrictions and conditions of all awards, including the exercise price of options, whether an option is an incentive stock option or a non-qualified stock option, exceptions to nontransferability, any performance goals applicable to awards and provisions relating to vesting and the period of exercise or restriction.

Subject to the provisions of the Plan, the Administrator may construe and interpret the Plan and awards granted under the Plan (including the agreements evidencing such awards). The Administrator may adopt, and interpret such rules and regulations relating to the Plan and make all other determinations for the administration of the Plan. The determinations of the Administrator on the matters outlined above are binding and final.

#### *Stock Subject to the Plan*

The maximum number of shares of our common stock that may be issued with respect to awards granted under the Plan is 500,000 plus (i) any shares of common stock that are available under the Washington Savings Bank 2001 Stock Option and Incentive Plan (the "2001 Plan") as of its termination date (which was April 27, 2011, the date the stockholders approved the Plan) and (ii) shares of common stock subject to options granted under the 2001 Plan that expire or terminate without having been fully exercised. In no event, however, may the number of shares issuable pursuant to incentive stock options exceed 500,000.

If our outstanding common stock changes as a result of a stock dividend, spin-off, stock split split-up, recapitalization, reclassification, reorganization, combination or exchange of shares, merger, consolidation, liquidation, business combination or similar event, then (a) the maximum number of shares of common stock as to which awards may be granted under the Plan and (b) the number of shares covered by and the exercise price and other terms of outstanding awards will automatically be adjusted to reflect such event, unless the Board of Directors determines that no adjustment to the maximum number of shares issuable under the Plan will be made.

If an option expires or terminates without having been fully exercised, or if shares of restricted stock are forfeited, then the unissued shares of common stock that had been subject to the award will be available for the grant of additional awards.

#### *Stock Options*

The Plan permits the granting of options to purchase shares of common stock intended to qualify as incentive options under the Internal Revenue Code of 1986, as amended (the "Code") and options that do not qualify as incentive options. Incentive stock options may only be granted to employees of the Company, the Bank or an eligible affiliate on the date of grant. Each option granted under the Plan will be identified either as a non-qualified stock option or an incentive stock option and will be evidenced by an agreement that specifies the terms and conditions of the option.

The exercise price of each option will be determined by the Administrator but may not be less than 100% of the fair market value of the Company's common stock on the date of grant. However, in the case of an incentive stock option granted to an employee who, on the date of grant, is the beneficial owner of at least 10% of the Company's common stock, the exercise price may not be less than 110% of the fair market value of the common stock on the date of grant.

The period during which an option granted under the Plan will be exercisable, as determined by the Administrator, will be set forth in the agreement evidencing the option award. However, an incentive stock option may not be exercisable for more than ten years from its date of grant.

At the discretion of the Administrator, options granted under the Plan may include a "re-load" feature pursuant to which a participant exercising an option by the delivery of common

stock would automatically be granted an additional option (with an exercise price equal to the fair market value of the common stock on the date the additional option is granted) to purchase that number of shares of common stock equal to the number delivered to exercise the original option.

*Other awards*

The Administrator may also award:

Stock Appreciation Rights. The Administrator may from time to time grant to eligible participants awards of stock appreciation rights (“SARs”). The holder of a SAR is entitled to receive upon exercise the excess of the fair market value (calculated as of the exercise date) of a specified number of shares of the Company’s common stock over the base price per share of the SAR, which may not be less than the fair market value on the date of grant. Payment by the Company of the amount receivable upon any exercise of a SAR may be made by the delivery of common stock, cash, or any combination of common stock and cash, as specified in the applicable grant agreement or as determined in the sole discretion of the Administrator. No fractional shares will be used for such payment and the Administrator will determine whether cash shall be given in lieu of such fractional shares or whether such fractional shares shall be eliminated.

Restricted and Unrestricted Stock awards. The Administrator may grant shares of restricted or unrestricted stock, subject to the terms and conditions in the Plan. Shares of restricted stock granted under the Plan will consist of shares of common stock that are restricted as to transfer, subject to forfeiture, and subject to such other terms and conditions as determined by the Administrator, including but not limited to duration of service or the achievement of one of more performance goals (as discussed further below). Generally, if the Participant’s employment or service as a director terminates during the vesting period for any reason other than in connection with a change of control or because of the Participant’s retirement, death or disability, any shares of unvested restricted stock will be forfeited. Under the Plan, the Administrator may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed on any award of restricted stock after the issuance of such award on such terms and conditions as the Administrator deems appropriate.

Phantom Stock. The Administrator may grant awards to eligible participants denominated in stock-equivalent units. A grant of phantom stock entitles the holder thereof to receive the market value of an equivalent number of shares of common stock on the settlement date determined by the Administrator. An award of phantom stock may be settled in common stock, cash or in a combination of common stock and cash. The Administrator will determine the other terms and conditions of any phantom stock award, which will be set forth in the agreement evidencing the award.

Performance awards. The Administrator may, in its sole discretion, grant performance awards under the Plan, which become payable on account of attainment of one or more performance goals established by the Administrator. Performance awards may be paid by the delivery of common stock, cash or any combination of common stock and cash.

Performance goals established by the Administrator may be based on one or more business criteria that apply to either an individual or group of individuals, the Company, the Bank and/or one or more of its affiliates and over such period as the Administrator may designate. Such performance goals can be based on operating income, earnings or earnings growth, sales, return on assets, equity or investments, regulatory compliance, satisfactory internal or external

audits, improvement of financial ratings, achievement of balance sheet or income statement objectives, implementation or completion of one or more projects or transactions, or any other objective goals established by the Administrator, and may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated.

### **Other Stock-Based awards**

The Administrator is also authorized to grant other stock-based awards to eligible persons that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to the Company's common stock, subject to terms and conditions in the Plan.

### **General Provisions**

*Transferability.* Except as otherwise determined by the Administrator and set forth in the agreement evidencing an award (and in any case with respect to an incentive stock option), no award granted under the Plan is transferable other than by will or the applicable laws of descent and distribution in the event of the participant's death, or pursuant to the terms of a "qualified domestic relations order" (as defined in Section 414(p) of the Code). Unless otherwise determined by the Administrator, during the grantee's lifetime, an award may be exercised only by the grantee or, during a period the grantee is under a legal disability, by the grantee's guardian or legal representative.

*Change of Control.* In the event of a change of control of the Company (as defined in the Plan), holders of options and other awards that are exercisable or convertible, or that become exercisable or convertible upon or prior to a change of control as provided for in the agreement evidencing such award, may exercise or convert such awards immediately prior to the change of control. If the agreement evidencing the award makes no provision for the acceleration of exercisability or conversion of the award in connection with a change of control, any unvested portion of such award may terminate upon the change of control.

*Amendments, Termination and Modification.* The Board of Directors may at any time for any reason amend or discontinue the Plan, but no such action may be taken which adversely affects any rights under an outstanding award without the holder's consent. However, the Board of Directors may not amend or modify the Plan or any portion thereof without the approval of the Company's stockholders if stockholder approval of the amendment is required by applicable law, rules or regulations. Furthermore, the Administrator may not amend or modify any award if such amendment or modification would require the approval of the stockholders if the amendment or modification were made to the Plan.

*Term of the Plan.* Unless sooner terminated by the Board, the Plan will terminate ten years from the date that it was approved by the stockholders, or April 27, 2021. The termination of the Plan will not, however, affect the validity of any awards outstanding on the date of termination.

## **Item 9 – Financial Statements and Exhibits**

### **Section 9.01 Financial Statements and Exhibits.**

- 4.1 WSB Holdings, Inc. 2011 Equity Incentive Plan (incorporated by reference to Appendix A to the Registrant's Proxy Statement on Schedule 14A filed with the Commission on March 22, 2011).

- 4.2 Form of Restricted Stock Agreement.
- 4.3 Form of Non-Qualified Stock Option Grant Agreement.
- 4.4 Form of Incentive Stock Option Grant Agreement.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 14, 2011

**WSB HOLDINGS, INC.**

/s/ Carol A. Ramey

Carol A. Ramey

Senior Vice President and Chief Financial  
Officer

**WSB HOLDINGS, INC**  
**2011 EQUITY INCENTIVE PLAN**

**RESTRICTED STOCK AGREEMENT**

**PARTICIPANT:** [Insert Name]

**AWARD NO.** [Insert Award No.]

**DATE OF GRANT:** [Insert Date]

**NUMBER OF SHARES:** [Insert Number of Shares]

THIS RESTRICTED STOCK AGREEMENT (this “Agreement”) is made effective as of the Date of Grant by and between WSB Holdings, Inc., a Maryland corporation (the “Corporation”), and the above-listed participant (“Participant”).

1. Certain Definitions. In this Agreement, terms with initial capitals shall have the meanings provided in the Plan, except as follows or as otherwise provided in this Agreement:

(a) “Awarded Shares” means the shares of Common Stock awarded to the Participant pursuant to Section 2 hereof.

(b) “Date of Grant” means the date set forth as the “Date of Grant” on page 1 of this Agreement.

(c) “Plan” means the WSB Holdings, Inc. 2011 Equity Incentive Plan.

(d) “Restricted Period” shall mean, with respect to any Awarded Share, the period commencing on the Date of Grant of such Awarded Share and ending on the date upon which such Awarded Share vests.

2. Grant of Stock. Participant shall be granted on the Date of Grant the Awarded Shares, which shall (i) vest as provided below, (ii) be subject to the restrictions provided below, and (iii) otherwise be subject to all the terms of this Agreement and the Plan. The Awarded Shares shall be subject to dilution upon future Share issuances or other dilutive events. Until such time, if any, as the Awarded Shares Revert (as defined in Section 5) or are transferred by Participant as permitted under this Agreement, and except as otherwise provided in the Plan or this Agreement, Participant shall have all the rights of a stockholder of the Corporation (including the right to vote and to receive dividends) with respect to the Awarded Shares, including the Awarded Shares held in escrow. All such rights and privileges shall cease in the event that the Awarded Shares Revert.

3. Subject to Plan. The Awarded Shares are in all instances subject to the terms and conditions of the Plan, the provisions of which are incorporated herein by this reference. In the

event of any direct conflict between this Agreement and the Plan, the provisions of the Plan shall control. Participant acknowledges receipt of a copy of the Plan and hereby accepts the Awarded Shares subject to all of its terms and conditions.

4. Vesting Schedule With Respect to Awarded Shares. Except as otherwise provided in this Agreement, the Awarded Shares shall vest in accordance with the schedule attached hereto as Exhibit A, based on Participant's continued service with the Corporation and/or any Affiliate ("Continued Service").

5. Reversion and Cancellation of Unvested Awarded Shares; Restrictions During Restricted Period.

(a) In the event of termination of Participant's Continued Service for any reason, other than in connection with a Change of Control or because of the Participant's retirement, death or Disability, any portion of the Awarded Shares that is not vested on the date Participant ceases to provide Continued Service shall, automatically and without need of any further action by any person or entity, (i) cease to be owned by Participant, (ii) revert to the Corporation, (iii) be cancelled, and (iv) return to the status of authorized but unissued stock of Corporation (collectively, "Revert") immediately upon such date. Neither Participant nor any successor, heir, assign or personal representative of Participant shall thereafter have any further rights or interest in such Reverted Awarded Shares.

(b) In the event of a Change of Control or termination of a Participant's Continued Service because of the Participant's retirement, death or Disability, all restrictions on the Awarded Shares shall lapse and the Awarded Shares shall immediately vest.

(c) During the Restricted Period, the certificates representing the Awarded Shares shall be held in escrow by the Secretary of the Corporation, and shall bear the following legend (in addition to any other required legends):

THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING THE RISKS OF FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE WSB HOLDINGS, INC. 2011 EQUITY INCENTIVE PLAN, AND AN AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND WSB HOLDINGS, INC. RELEASE FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH PLAN AND AGREEMENT, A COPY OF EACH OF WHICH IS ON FILE IN THE OFFICE OF THE SECRETARY OF WSB HOLDINGS, INC.

(d) In the event the Restricted Period shall terminate with respect to particular Awarded Shares and such Awarded Shares shall not theretofore have Reverted, the Corporation shall within 2 ½ months from the end of the calendar year in which such Restricted Period terminates reissue the certificate representing such Awarded Shares without the above legend and shall deliver such certificate to Participant or his legal representative.

(e) Awarded Shares, the right to vote Awarded Shares and the right to receive dividends thereon may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered during the Restricted Period with respect to such Awarded Shares.

6. No Restriction On Corporation. This Agreement shall not in any way affect the right of the Corporation to make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Stock Distributions; Capital Adjustments.

(a) If the Corporation makes any distribution of stock with respect to the Awarded Shares by way of a stock dividend or stock split, or pursuant to any recapitalization, reorganization, merger, consolidation, merger or otherwise, and Participant receives any additional shares of stock in the Corporation (or other shares of stock in another corporation) as a result thereof, such additional (or other) shares shall be deemed Awarded Shares hereunder and shall be subject to the same restrictions and obligations imposed by this Agreement.

(b) In the event of any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, splitup, spinoff, combination, repurchase or share exchange, or other similar corporate transaction or event that affects the Awarded Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participant, then the Board shall make equitable changes or adjustments as are necessary or appropriate to prevent the dilution or enlargement of Participant's rights relating to the number and kind of Awarded Shares that may thereafter be issued in connection with the Awarded Shares.

8. Liability of Corporation.

(a) The grant of the Awarded Shares shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto, including, without limitation, state and federal securities laws. The Corporation shall not be obligated to register, qualify or make any exemption from registration qualification available with respect to any Awarded Shares under any such laws.

(b) The Corporation makes no representation regarding the tax treatment of the Awarded Shares, and Participant should consult his or her tax advisor regarding the tax consequences to Participant of any transaction involving the Awarded Shares. Participant has been advised of the possibility of making an election under Code Section 83(b). If Participant makes an election under Code Section 83(b) with respect to Awarded Shares, Participant shall provide notice to the Corporation within 30 days thereof.

9. No Employment Contract. Neither the grant or issuance of Awarded Shares pursuant to this Agreement nor any term or provision of this Agreement shall constitute or be evidence of any understanding, express or implied, on the part of the Company or any Affiliate to employ the Participant for any period.

10. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Maryland without giving effect to the principles of conflicts of laws. Any action or proceeding

brought by any party hereto shall be brought only in a state or federal court of competent jurisdiction located in Maryland and all parties hereto hereby submit to the in personam jurisdiction of such court for purposes of any such action or proceeding and irrevocably agree that such court presents a convenient forum for the resolution of such dispute.

11. Severability of Provisions. In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms.

12. Notices. All notices or other communications pursuant to this Agreement shall be in writing and shall be deemed duly given if personally delivered or if mailed by certified mail, return receipt requested, prepaid and addressed to the address of the party as set forth in this Agreement or such other address as such party shall have furnished to the other party in writing.

13. Entire Agreement. This Agreement and the Plan embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein and supersede all prior written or oral communications or agreements all of which are merged herein. There are no restrictions, promises, warranties, covenants or undertakings, other than those expressly set forth or referred to herein.

14. No Waiver. No waiver of any provision of this Agreement or any rights or obligations of any party hereunder shall be effective, except pursuant to a written instrument signed by the party or parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.

15. Survival. All warranties, covenants and agreements of the parties made in this Agreement shall survive the issuance and purchase of the Awarded Shares and the delivery to Participant of the certificate or certificates evidencing the Awarded Shares.

16. Amendment and Modification. This Agreement may be amended, modified and supplemented only by written agreement of all of the parties hereto.

17. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but except to the extent (if any) expressly provided in this Agreement neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Participant without the prior written consent of the Corporation. The Corporation shall assign this Agreement and all of its rights hereunder in connection with any reorganization, merger, consolidation, sale or transfer of substantially all of the Corporation's assets or sale or transfer of a controlling interest in the Corporation's outstanding equity securities.

18. Withholding. Participant shall provide the Corporation with the means to satisfy all federal, state and/or local income tax withholding and the Participant's share, if any, of all other payroll tax requirements liabilities with respect to all Awarded Shares ("Tax Liabilities") at the time such Tax Liabilities are imposed on the Corporation, which may include the surrender of Awarded Shares to the Corporation.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by its duly authorized officer and Participant has also executed this Agreement all as of the day and year indicated above.

WSB HOLDINGS, INC.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

PARTICIPANT

\_\_\_\_\_

## WSB Holdings Inc. 2011 Equity Incentive Plan

### Stock Option Grant Agreement

This Stock Option Grant Agreement (the “Agreement”) is entered into on [INSERT DATE], by and between WSB Holdings, Inc., a Maryland corporation (the “Company”), and [INSERT OPTIONEE NAME] (the “Optionee”), effective as of [INSERT GRANT DATE] (the “Grant Date”).

In consideration of the premises, mutual covenants and agreements herein, the Company and the Optionee agree as follows:

1. Grant of Options. The Company hereby grants to the Optionee, pursuant to the WSB Holdings, Inc 2011 Equity Incentive Plan (the “Plan”), a stock option to purchase from the Company, at a price of \$[INSERT PRICE] per share (the “Exercise Price”), up to [INSERT GRANT AMOUNT] shares of Common Stock of the Company, \$.0001 par value, subject to the provisions of this Agreement and the Plan (the “Options”). The Options shall expire at 5:00 p.m. Eastern Time on the last business day preceding the tenth anniversary of the Grant Date (the “Expiration Date”), unless fully exercised or terminated earlier.

2. Terminology. Unless stated otherwise in this Agreement, capitalized terms in this Agreement shall have the meaning set forth in the Plan.

3. Exercise of Options.

(a) Vesting. Subject to the terms of the Plan with respect to vesting, the Options granted shall vest in whole or in part, in accordance with the schedule attached hereto as Exhibit A; provided that the Optionee is in the continuous employ of, or in a service relationship with, the Company from the Grant Date through the applicable date upon which such Options become vested. The extent to which the Options are vested as of a particular vesting date shall be rounded down to the nearest whole share. However, vesting is rounded up to the nearest whole share on the last vesting date.

(b) Right to Exercise. The Optionee shall have the right to exercise the Options from and after the date upon which they vest and on or before the Expiration Date or earlier termination of the Options. To the extent not exercised, the number of shares as to which the Options are exercisable shall accumulate and remain exercisable, in whole or in part, at any time after becoming exercisable, but not later than the Expiration Date or other termination of the Options. In the event of the Optionee’s termination of employment, the exercisability is governed by Section 4.

(c) Exercise Procedure. Subject to the conditions set forth in this Agreement, the Options shall be exercised (to the extent then exercisable) by delivery of written notice of exercise on any business day to the Corporate Secretary of the Company in such form as the Administrator may require from time to time. Such notice shall specify the number of shares in respect to which the Options are being exercised and shall be accompanied by full payment of the Exercise Price for such shares in accordance with Section 3(e) of this Agreement. The exercise shall be effective upon receipt by the

Corporate Secretary of the Company of such written notice accompanied by the required payment. The Options may be exercised only in multiples of whole shares and may not be exercised at any one time as to fewer than one hundred shares (or such lesser number of shares as to which the Options are then exercisable). No fractional shares shall be issued pursuant to the Options.

(d) Effect. The exercise, in whole or in part, of the Options shall cause a reduction in the number of shares of Common Stock subject to the remaining Options equal to the number of shares of Common Stock with respect to which the Options are exercised.

(e) Method of Payment. In addition to any other method approved by the Administrator, if any, payment of the Exercise Price shall be by any of the following, or a combination thereof, as determined by the Administrator in its discretion at the time of exercise:

(i) by delivery of cash, certified or cashier's check, or money order or other cash equivalent acceptable to Administrator in its sole discretion; or

(ii) by a broker-assisted cashless exercise in accordance with Regulation T of the Board of Governors of the Federal Reserve System and the following provisions. Subject to such limitations as the Administrator may determine, at any time during which the Common Stock is publicly traded on a national securities exchange, the Exercise Price shall be deemed to be paid, in whole or in part, if the Optionee delivers a properly executed exercise notice, together with irrevocable instructions: (i) to a brokerage firm approved by the Company to deliver promptly to the Company the aggregate amount of sale or loan proceeds to pay the Exercise Price and any withholding tax obligations that may arise in connection with the exercise; and (ii) to the Company to deliver the certificates for such purchased shares directly to such brokerage firm.

(f) Issuance of Shares Upon Exercise. Upon due exercise of the Options, in whole or in part, in accordance with the terms of this Agreement, the Company shall issue to the Optionee, the brokerage firm specified in the Optionee's delivery instructions pursuant to a broker-assisted cashless exercise, or such other person exercising the Options, as the case may be, the number of shares of Common Stock so paid for, in the form of fully paid and non-assessable stock and shall deliver certificates therefor as soon as practicable thereafter.

(g) Restrictions on Exercise and Upon Shares Issued upon Exercise. Notwithstanding any other provision of the Agreement, the Options may not be exercised at any time that the Company does not have in effect a registration statement under the Securities Act of 1933, as amended, relating to the offer of Common Stock to the Optionee under the Plan, unless the Company agrees to permit such exercise. Upon the issuance of any shares of Common Stock pursuant to the exercise of the Options, the Optionee will, upon the request of the Company, agree in writing that the Optionee is acquiring such shares for investment only and not with a view to resale, and that the Optionee will not sell, pledge or otherwise dispose of such shares so issued unless: (i) the Company is furnished with an opinion of counsel to the effect that registration of such

shares pursuant to the Securities Act of 1933, as amended, is not required by that Act or by the rules and regulations thereunder; (ii) the staff of the Securities and Exchange Commission has issued a “no-action” letter with respect to such disposition; or (iii) such registration or notification as is, in the opinion of counsel for the Company, required for the lawful disposition of such shares has been filed by the Company and has become effective; provided, however, that the Company is not obligated hereby to file any such registration or notification. In addition, the Common Stock issued upon the exercise of any Options shall be subject to repurchase by the Company for an amount equal to the Exercise Price of such Options upon the occurrence of an event described in Section 4(d) of this Agreement. The Company may place a legend embodying such restrictions on the certificates evidencing such shares.

#### 4. Termination of Employment or Service.

(a) Exercise Period Following Cessation of Employment or Other Service Relationship, In General. If Optionee ceases to be employed by, or in a service relationship with, the Bank for any reason other than death, Disability, discharge for Cause or in connection with a Change of Control, (i) the unvested Options shall terminate immediately upon such cessation, and (ii) the vested Options shall remain exercisable during the 90-day period following such cessation, but in no event after the Expiration Date. Unless sooner terminated, any unexercised vested Options shall terminate upon the expiration of such 90-day period.

(b) Death of Optionee. If Optionee dies prior to the expiration or other termination of the Options, (i) the unvested Options shall vest immediately upon Optionee’s death, and (ii) the Options shall remain exercisable following Optionee’s death by Optionee’s executor, personal representative, or the person(s) to whom the Options are transferred by will or the laws of descent and distribution until the Expiration Date.

(c) Disability of Optionee. If Optionee ceases to be employed by, or in a service relationship with, the Bank as a result of Optionee’s Disability, (i) the unvested Options shall vest immediately upon such cessation, and (ii) the Options shall remain exercisable until the Expiration Date.

(d) Misconduct. Notwithstanding anything to the contrary in this Agreement, the Options shall terminate in their entirety, regardless of whether the Options are vested, immediately upon Optionee’s discharge of employment or other service relationship for Cause or upon Optionee’s commission of any of the following acts during any period following the cessation of Optionee’s employment or other service relationship during which the Options otherwise would be exercisable: (i) fraud on or misappropriation of any funds or property of the Bank; or (ii) breach by Optionee of any provision of any employment, non-disclosure, non-competition, non-solicitation, assignment of inventions, or other similar agreement executed by Optionee for the benefit of the Bank or the Company, as determined by the Administrator, which determination will be conclusive.

5. Adjustments and Business Combinations.

(a) Adjustments for Events Affecting Common Stock. In the event of changes in the Common Stock of the Company by reason of any stock dividend, spin-off, split-up, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares and the like, the exercise price of, number of shares covered by and the other terms of the Options shall adjust as provided in the Plan, and the Administrator shall, in its discretion, in its discretion and without the consent of the Optionee, make any other substitutions for or adjustments in the Options, including but not limited to providing or mandating alternative settlement methods such as settlement of the Options in cash or in shares of Common Stock or other securities of the Company or of any other entity, or in any other matters which relate to the Options as the Administrator shall, in its sole discretion, determine to be necessary or appropriate.

(b) Pooling of Interests Transaction. Notwithstanding anything in the Plan or this Agreement to the contrary and without the consent of the Optionee, the Administrator, in its sole discretion, may make any modifications to the Options, including but not limited to cancellation, forfeiture, surrender or other termination of the Options in whole or in part regardless of the vested status of the Options, in order to facilitate any business combination that is authorized by the Board to comply with requirements for treatment as a pooling of interests transaction for accounting purposes under generally accepted accounting principles.

(c) Adjustments for Other Events. The Administrator is authorized to make, in its discretion and without the consent of the Optionee, adjustments in the terms and conditions of, and the criteria included in, the Options in recognition of unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations, or accounting principles, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Options or the Plan.

(d) Binding Nature of Adjustments. Adjustments under this Section 5 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued pursuant to the Options on account of any such adjustments.

(e) Effect of Change of Control Event. All outstanding portions of the Options, if any, shall become fully vested upon the occurrence of any Change of Control Event, and shall be exercisable in accordance with the Plan; provided, that unless otherwise decided in the sole discretion of the Administrator, the acceleration of vesting in connection with a Change of Control Event shall be limited as provided in the Plan.

6. Non-Guarantee of Employment. Nothing in the Plan or in this Agreement shall confer on an individual any legal or equitable right against the Company or the Administrator, except as expressly provided in the Plan or this Agreement. Nothing in the Plan or in this Agreement shall: (a) constitute inducement, consideration, or contract

for employment or service between an individual and the Company or the Bank; (b) confer any right on an individual to continue in the service of the Company or the Bank; or (c) interfere in any way with the right of the Company or the Bank to terminate such service at any time with or without cause or notice, or to increase or decrease compensation for such service.

7. No Rights as Stockholder. The Optionee shall not have any of the rights of a stockholder with respect to the shares of Common Stock that may be issued upon the exercise of the Options (including, without limitation, any rights to receive dividends or noncash distributions with respect to such shares) until such shares of Common Stock have been issued to him or her upon the due exercise of the Options. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such certificate or certificates are issued.

8. Nonqualified Nature of the Options. The Options are not intended to qualify as incentive stock options within the meaning of Code section 422, and this Agreement shall be so construed. Optionee acknowledges that, upon exercise of the Options, Optionee will recognize taxable income in an amount equal to the excess of the then Fair Market Value of the shares received upon exercise of the Options over the Exercise Price and must comply with the provisions of Section 9 of this Agreement with respect to any tax withholding obligations that arise as a result of such exercise. Optionee further acknowledges that if it is determined that the Exercise Price is less than the fair market value of a share of Common Stock on the date the Options are granted, the Optionee may be required to recognize taxable income under Section 409A of the Code prior to the exercise of the options. Optionee should consult his or her own tax advisor concerning the tax consequences of the grant of the Options.

9. Withholding of Taxes.

(a) In General. At the time the Options are exercised in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due the Optionee and otherwise agrees to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Options. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Options. If the Optionee does not make such payment when requested, the Company may refuse to issue any stock certificate under the Plan until arrangements satisfactory to the Administrator for such payment have been made.

(b) Means of Payment. The Administrator may, in its sole discretion, permit the Optionee to satisfy, in whole or in part, any withholding tax obligation which may arise in connection with the Options by any of the following means or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to deduct any such tax obligations from any payment of any kind otherwise due to the Optionee; (iii) authorizing the Company to withhold shares of Common Stock otherwise issuable to the Optionee pursuant to the exercise of the Options; or (iv) delivering to the Company unencumbered shares of Common Stock already owned by the Optionee.

10. Regulatory Compliance; Forfeiture. Subject to the terms of the Plan, the grant of Options made hereby are subject to applicable rules, policies and regulations promulgated by regulatory bodies (“Regulators”) with jurisdiction over the Company and its Affiliates including The Washington Savings Bank. In accordance with such policies and regulations, the Options granted hereby may be required by Regulators to be exercised or forfeited in the event the Company or its affiliates, including the Bank, does not maintain certain capital levels or as otherwise ordered or directed by the Regulators.

11. The Company’s Rights. The existence of the Options shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company’s assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Optionee. Whenever the word “Optionee” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative or beneficiary to whom the Options may be transferred by will, by the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined in Code section 414(p), the word “Optionee” shall be deemed to include such person.

13. Transferability of Options. The Options are not transferable other than by will or the laws of descent and distribution, pursuant to a qualified domestic relations order as defined in Code section 414(p), or as otherwise permitted by the Administrator, in its sole discretion. During the lifetime of the Optionee, the Options may be exercised only by the Optionee, by such permitted transferees or, during the period the Optionee is under a legal disability, by the Optionee’s guardian or legal representative. Except as provided above, the Options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

13.1 Family Transfers. If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option to any Family Member. For the purpose of this Section 13.1, a “not for value” transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 12.2, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this Section 13.1 or by will or the laws of descent and distribution. The events of termination of employment or other relationship of

Section 4 hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified therein.

14. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to the Optionee at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

15. Entire Agreement. This Agreement and the Plan contain the entire agreement between the parties with respect to the Options granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Options granted hereunder shall be void and ineffective for all purposes.

16. Amendment. This Agreement may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto.

17. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland, other than the conflict of laws principles thereof.

19. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

WSB Holdings, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

The undersigned hereby acknowledges that he/she has carefully read this Agreement and the Plan and agrees to be bound by all of the provisions set forth in such documents.

OPTIONEE:

DATE: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXERCISE FORM**

WSB Holdings, Inc.  
4201 Mitchellville Road  
Bowie, MD 20716

Gentlemen:

I hereby exercise, to the extent indicated below, the Options granted to me on \_\_\_\_\_, by WSB Holdings, Inc. (the "Company"), subject to all the terms and provisions thereof and of the WSB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), and notify you of my desire to purchase \_\_\_ incentive shares and \_\_\_ non-qualified shares of Common Stock of the Company at a price of \$\_\_\_\_\_ per share pursuant to the exercise of said Options.

Payment Amount: \$ \_\_\_\_\_

Date:

Optionee Signature

Received by WSB Holdings, Inc. on

\_\_\_\_\_

**Broker Information:**

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Firm Name

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Contact Person

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Broker Address

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City, State, Zip Code

Phone Number

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Broker Account Number

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Electronic Transfer Number:

## WSB Holdings Inc. 2011 Equity Incentive Plan

### Stock Option Grant Agreement

This Stock Option Grant Agreement (the “Agreement”) is entered into on [INSERT DATE], by and between WSB Holdings, Inc., a Maryland corporation (the “Company”), and [INSERT OPTIONEE NAME] (the “Optionee”), effective as of [INSERT GRANT DATE] (the “Grant Date”).

In consideration of the premises, mutual covenants and agreements herein, the Company and the Optionee agree as follows:

1. Grant of Options. The Company hereby grants to the Optionee, pursuant to the WSB Holdings, Inc. 2011 Equity Incentive Plan (the “Plan”), a stock option to purchase from the Company, at a price of \$[INSERT PRICE] per share (the “Exercise Price”), up to [INSERT GRANT AMOUNT] shares of Common Stock of the Company, \$.01 par value, subject to the provisions of this Agreement and the Plan (the “Options”). The Options shall expire at 5:00 p.m. Eastern Time on the last business day preceding the tenth anniversary of the Grant Date (the “Expiration Date”), unless fully exercised or terminated earlier.

2. Terminology. Unless stated otherwise in this Agreement, capitalized terms in this Agreement shall have the meaning set forth in the Plan.

3. Exercise of Options.

(a) Vesting. Subject to the terms of the Plan with respect to vesting, the Options granted shall vest in accordance with the schedule attached hereto as Exhibit A, provided that the Optionee is in the continuous employ of, or in a service relationship with, the Company from the Grant Date through the applicable date upon which such Options become vested. The extent to which the Options are vested as of a particular vesting date shall be rounded down to the nearest whole share. However, vesting is rounded up to the nearest whole share on the last vesting date.

(b) Right to Exercise. The Optionee shall have the right to exercise the Options, whether or not vested, in whole or in part at any time prior to the Expiration Date or earlier termination of the Options in accordance with the Plan and this Agreement; provided, that to the extent, if any, that the aggregate Fair Market Value of the Common Stock subject to the Options as of the Grant Date, plus the aggregate fair market value (determined as of the date of grant) of all other stock with respect to which incentive stock options granted to the Optionee prior to the Grant Date under all plans of the Company and its parent and subsidiary corporations first become exercisable during any calendar year exceeds \$100,000 (the “Annual Limitation”), then except as otherwise provided in this Agreement the Options shall be exercisable during that year only to the extent, if any, that their exercisability does not cause the Annual Limitation to be exceeded. Any Options that are not exercisable due to the proviso in the preceding sentence shall be exercisable during the next calendar year, subject again to the application of that proviso. To the extent not exercised, the number of shares as to which the Options are exercisable shall accumulate and remain exercisable, in whole or in part,

at any time after becoming exercisable, but not later than the Expiration Date or other termination of the Options. In the event of the Optionee's termination of employment, the exercisability is governed by Section 4.

(c) Exercise Procedure. Subject to the conditions set forth in this Agreement, the Options shall be exercised (to the extent then exercisable) by delivery of written notice of exercise on any business day to the Corporate Secretary of the Company in such form as the Administrator may require from time to time. Such notice shall specify the number of shares in respect to which the Options are being exercised and shall be accompanied by full payment of the Exercise Price for such shares in accordance with Section 3(e) of this Agreement. The exercise shall be effective upon receipt by the Corporate Secretary of the Company of such written notice accompanied by the required payment. The Options may be exercised only in multiples of whole shares and may not be exercised at any one time as to fewer than one hundred shares (or such lesser number of shares as to which the Options are then exercisable). No fractional shares shall be issued pursuant to the Options.

(d) Effect. The exercise, in whole or in part, of the Options shall cause a reduction in the number of shares of Common Stock subject to the remaining Options equal to the number of shares of Common Stock with respect to which the Options are exercised.

(e) Method of Payment. In addition to any other method approved by the Administrator, if any, payment of the Exercise Price shall be by any of the following, or a combination thereof, as determined by the Administrator in its discretion at the time of exercise:

(i) by delivery of cash, certified or cashier's check, or money order or other cash equivalent acceptable to Administrator in its sole discretion; or

(ii) by a broker-assisted cashless exercise in accordance with Regulation T of the Board of Governors of the Federal Reserve System and the following provisions. Subject to such limitations as the Administrator may determine, at any time during which the Common Stock is publicly traded on a national securities exchange, the Exercise Price shall be deemed to be paid, in whole or in part, if the Optionee delivers a properly executed exercise notice, together with irrevocable instructions: (i) to a brokerage firm approved by the Company to deliver promptly to the Company the aggregate amount of sale or loan proceeds to pay the Exercise Price and any withholding tax obligations that may arise in connection with the exercise; and (ii) to the Company to deliver the certificates for such purchased shares directly to such brokerage firm.

(f) Issuance of Shares Upon Exercise. Upon due exercise of the Options, in whole or in part, in accordance with the terms of this Agreement, the Company shall issue to the Optionee, the brokerage firm specified in the Optionee's delivery instructions pursuant to a broker-assisted cashless exercise, or such other person exercising the Options, as the case may be, the number of shares of Common Stock so paid for, in the form of fully paid and non-assessable stock and shall deliver certificates therefor as soon as practicable thereafter.

(g) Restrictions on Exercise and Upon Shares Issued upon Exercise.

Notwithstanding any other provision of the Agreement, the Options may not be exercised at any time that the Company does not have in effect a registration statement under the Securities Act of 1933, as amended, relating to the offer of Common Stock to the Optionee under the Plan, unless the Company agrees to permit such exercise. Upon the issuance of any shares of Common Stock pursuant to the exercise of the Options, the Optionee will, upon the request of the Company, agree in writing that the Optionee is acquiring such shares for investment only and not with a view to resale, and that the Optionee will not sell, pledge or otherwise dispose of such shares so issued unless: (i) the Company is furnished with an opinion of counsel to the effect that registration of such shares pursuant to the Securities Act of 1933, as amended, is not required by that Act or by the rules and regulations thereunder; (ii) the staff of the Securities and Exchange Commission has issued a “no-action” letter with respect to such disposition; or (iii) such registration or notification as is, in the opinion of counsel for the Company, required for the lawful disposition of such shares has been filed by the Company and has become effective; provided, however, that the Company is not obligated hereby to file any such registration or notification. In addition, the Common Stock issued upon the exercise of any Options shall be subject to repurchase by the Company for an amount equal to the Exercise Price of such Options (i) upon the occurrence of an event described in Section 4(d) of this Agreement, or (ii) if the Options were not vested when they were exercised, upon the occurrence of any event that would have resulted in the termination of those Options under the Plan and this Agreement if those Options had not been exercised. The Company may place a legend embodying such restrictions on the certificates evidencing such shares.

4. Termination of Employment or Service.

(a) Exercise Period Following Cessation of Employment or Other Service Relationship, In General. If Optionee ceases to be employed by, or in a service relationship with, the Bank for any reason other than death, Disability, discharge for Cause or in connection with a Change of Control, (i) the unvested Options shall terminate immediately upon such cessation, and (ii) the vested Options shall remain exercisable during the 30-day period following such cessation, but in no event after the Expiration Date. Unless sooner terminated, any unexercised vested Options shall terminate upon the expiration of such 30-day period.

(b) Death of Optionee. If Optionee dies prior to the expiration or other termination of the Options, (i) the unvested Options shall vest immediately upon Optionee’s death, and (ii) the Options shall remain exercisable following Optionee’s death by Optionee’s executor, personal representative, or the person(s) to whom the Options are transferred by will or the laws of descent and distribution until the Expiration Date.

(c) Disability of Optionee. If Optionee ceases to be employed by, or in a service relationship with, the Bank as a result of Optionee’s Disability, (i) the unvested Options shall vest immediately upon such cessation, and (ii) the Options shall remain exercisable during the 3-month period following such cessation (or the one-year period

following such cessation, if the Optionee is disabled within the meaning of Section 22(e)(3) of the Code), but in no event after the Expiration Date.

(d) Misconduct. Notwithstanding anything to the contrary in this Agreement, the Options shall terminate in their entirety, regardless of whether the Options are vested, immediately upon Optionee's discharge of employment or other service relationship for Cause or upon Optionee's commission of any of the following acts during any period following the cessation of Optionee's employment or other service relationship during which the Options otherwise would be exercisable: (i) fraud on or misappropriation of any funds or property of the Bank; or (ii) breach by Optionee of any provision of any employment, non-disclosure, non-competition, non-solicitation, assignment of inventions, or other similar agreement executed by Optionee for the benefit of the Bank or the Company, as determined by the Administrator, which determination will be conclusive.

#### 5. Adjustments and Business Combinations.

(a) Adjustments for Events Affecting Common Stock. In the event of changes in the Common Stock of the Company by reason of any stock dividend, spin-off, split-up, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares and the like, the exercise price of, number of shares covered by and the other terms of the Options shall adjust as provided in the Plan, and the Administrator shall, in its discretion, in its discretion and without the consent of the Optionee, make any other substitutions for or adjustments in the Options, including but not limited to providing or mandating alternative settlement methods such as settlement of the Options in cash or in shares of Common Stock or other securities of the Company or of any other entity, or in any other matters which relate to the Options as the Administrator shall, in its sole discretion, determine to be necessary or appropriate.

(b) Pooling of Interests Transaction. Notwithstanding anything in the Plan or this Agreement to the contrary and without the consent of the Optionee, the Administrator, in its sole discretion, may make any modifications to the Options, including but not limited to cancellation, forfeiture, surrender or other termination of the Options in whole or in part regardless of the vested status of the Options, in order to facilitate any business combination that is authorized by the Board to comply with requirements for treatment as a pooling of interests transaction for accounting purposes under generally accepted accounting principles.

(c) Adjustments for Other Events. The Administrator is authorized to make, in its discretion and without the consent of the Optionee, adjustments in the terms and conditions of, and the criteria included in, the Options in recognition of unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations, or accounting principles, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Options or the Plan.

(d) Binding Nature of Adjustments. Adjustments under this Section 5 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued pursuant to the Options on account of any such adjustments.

(e) Effect of Change of Control Event. All outstanding portions of the Options, if any, shall become fully vested upon the occurrence of any Change of Control Event and shall be exercisable in accordance with the Plan; provided, that unless otherwise decided in the sole discretion of the Administrator, the acceleration of vesting in connection with a Change of Control Event shall be limited as provided in the Plan.

6. Non-Guarantee of Employment. Nothing in the Plan or in this Agreement shall confer on an individual any legal or equitable right against the Company or the Administrator, except as expressly provided in the Plan or this Agreement. Nothing in the Plan or in this Agreement shall: (a) constitute inducement, consideration, or contract for employment or service between an individual and the Company or the Bank; (b) confer any right on an individual to continue in the service of the Company or the Bank; or (c) interfere in any way with the right of the Company or the Bank to terminate such service at any time with or without cause or notice, or to increase or decrease compensation for such service.

7. No Rights as Stockholder. The Optionee shall not have any of the rights of a stockholder with respect to the shares of Common Stock that may be issued upon the exercise of the Options (including, without limitation, any rights to receive dividends or noncash distributions with respect to such shares) until such shares of Common Stock have been issued to him or her upon the due exercise of the Options. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such certificate or certificates are issued.

8. Incentive/Nonqualified Nature of the Options. The Options are intended to qualify as an incentive stock option within the meaning of Section 422A of the Code to the extent set forth herein, and this Agreement shall be so construed; provided, however, to the extent that the aggregate Fair Market Value as of the date of this grant, of the shares into which the Options become exercisable for the first time by the Optionee during any calendar year exceeds \$100,000, the portion of the Options which are in excess of the \$100,000 limitation will be treated as a nonqualified stock option.

9. Withholding of Taxes.

(a) In General. At the time the Options are exercised in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due the Optionee and otherwise agrees to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Options (including, without limitation, upon a disqualifying disposition with the meaning of Code section 421(b)). The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Options. If the Optionee does not make such payment when requested, the Company may refuse to issue

any stock certificate under the Plan until arrangements satisfactory to the Administrator for such payment have been made.

(b) Means of Payment. The Administrator may, in its sole discretion, permit the Optionee to satisfy, in whole or in part, any withholding tax obligation which may arise in connection with the Options by any of the following means or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to deduct any such tax obligations from any payment of any kind otherwise due to the Optionee; (iii) authorizing the Company to withhold shares of Common Stock otherwise issuable to the Optionee pursuant to the exercise of the Options; or (iv) delivering to the Company unencumbered shares of Common Stock already owned by the Optionee.

(c) Disposition of Shares. The acceptance of shares of Common Stock upon exercise of the Options shall constitute an agreement by the Optionee (i) to notify the Company if any of such shares are disposed of by the Optionee within two years from the Grant Date or within one year from the date the shares were issued to the Optionee pursuant to the exercise of the Options, and (ii) if required by law, to remit to the Company, at the time of any such disposition, an amount sufficient to satisfy the Company's withholding tax obligations with respect to such disposition, whether or not, as to both (i) and (ii), the Optionee is employed by or has any other relationship with the Company at the time of such disposition.

10. Regulatory Compliance; Forfeiture. Subject to the terms of the Plan, the grant of Options made hereby are subject to applicable rules, policies and regulations promulgated by regulatory bodies ("Regulators") with jurisdiction over the Company and its Affiliates including The Washington Savings Bank. In accordance with such policies and regulations, the Options granted hereby may be required by Regulators to be exercised or forfeited in the event the Company or its affiliates, including the Bank, does not maintain certain capital levels or as otherwise ordered or directed by the Regulators.

11. The Company's Rights. The existence of the Options shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Optionee. Whenever the word "Optionee" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative or beneficiary to whom the Options may be transferred by will, by the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined in Code section 414(p), the word "Optionee" shall be deemed to include such person.

13. Transferability of Options. The Options are not transferable other than by will or the laws of descent and distribution, pursuant to a qualified domestic relations order as defined in Code section 414(p), or as otherwise permitted by the Administrator, in its sole discretion. During the lifetime of the Optionee, the Options may be exercised only by the Optionee, by such permitted transferees or, during the period the Optionee is under a legal disability, by the Optionee's guardian or legal representative. Except as provided above, the Options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

14. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to the Optionee at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

15. Entire Agreement. This Agreement and the Plan contain the entire agreement between the parties with respect to the Options granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Options granted hereunder shall be void and ineffective for all purposes.

16. Amendment. This Agreement may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto.

17. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland, other than the conflict of laws principles thereof.

19. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

WSB Holdings, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

The undersigned hereby acknowledges that he/she has carefully read this Agreement and the Plan and agrees to be bound by all of the provisions set forth in such documents.

OPTIONEE:

DATE: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

**EXERCISE FORM**

WSB Holdings, Inc.  
4201 Mitchellville Road  
Bowie, MD 20716

Gentlemen:

I hereby exercise, to the extent indicated below, the Options granted to me on \_\_\_\_\_, by WSB Holdings, Inc. (the "Company"), subject to all the terms and provisions thereof and of the WSB Holdings, Inc. 2011 Equity Incentive Plan (the "Plan"), and notify you of my desire to purchase \_\_\_ incentive shares and \_\_\_ non-qualified shares of Common Stock of the Company at a price of \$\_\_\_\_\_ per share pursuant to the exercise of said Options.

Payment Amount: \$ \_\_\_\_\_

Date:

Optionee Signature

Received by WSB Holdings, Inc. on

\_\_\_\_\_

**Broker Information:**

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Firm Name

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Contact Person

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Broker Address

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City, State, Zip Code

Phone Number

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Broker Account Number

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Electronic Transfer Number: